

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

DATE: April 28, 1997

(Filing No. S- 151)

JUDICIARY

Reported by: Senator Longley

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
118TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT " A " to S.P. 278, L.D. 886, Bill, "An Act Concerning Trust Investments by Trustees in Affiliated Securities and Bonds"

Amend the bill by striking out all of section 4 (page 1, lines 21 to 35 in L.D.) and inserting in its place the following:

'Sec. 4. 18-A MRSA §7-408, sub-§4 is enacted to read:

4. Disclosures. The disclosures required by this section must be provided by mailing a statement or letter to the last known address of each person to whom statements for the fiduciary estate are provided. The disclosures may be provided separately or as part of other documents of the fiduciary estate. If made part of other documents of the fiduciary estate, the disclosures must be printed clearly and conspicuously on these documents.

A. A trustee purchasing bonds or securities pursuant to this section shall disclose in writing any capacities in which the trustee or an affiliate acts for the issuer of those bonds or securities and that the trustee or an affiliate may have an interest in the underwriting or distribution of those bonds or securities.

B. If the securities purchased are shares of an investment company subject to this section, the trustee shall disclose the services provided and the receipt of compensation for those services before the initial purchase and annually.'

SUMMARY

This amendment replaces section 4 of the original bill. It protects the interests of a trust beneficiary by requiring a

COMMITTEE AMENDMENT "A" to S.P. 278, L.D. 886

2 trustee to disclose certain information in writing when the
trustee proposes to purchase or continues to hold securities or
4 bonds in which the trustee or an affiliate of the trustee has an
interest. The trustee must disclose that the trustee or its
6 affiliate has an interest in the underwriting or distribution of
the specified bonds or securities. If the securities to be
8 purchased or held are shares of an investment company, such as a
mutual fund, the trustee must also specify the services provided
10 by the trustee as an advisor, distributor, transfer agent,
registrar, sponsor, manager, shareholder servicing agent or
12 custodian for the investment company. In addition, the trustee
must disclose that compensation was received in exchange for
those services and the amount of the compensation.

14
16 All the disclosures must be in writing and must be provided
to the beneficiary or other person who receives information on
behalf of the beneficiaries. If shares of an investment company
18 are involved, the disclosures must be made before the initial
purchase of the shares and on an annual basis as long as the
20 trustee continues to hold shares in that investment company for
the benefit of the trust beneficiaries.

22